

The Making of Mashamshire

Community Incorporated Organisation

Financial management and controls policy

1. Introduction

1.1 Financial records will be kept so that The Making Of Mashamshire (MOM) can:

- a. Meet its legal and other obligations, e.g., Charities Acts, HMRC, Customs & Excise, Companies Act, Common Law.
- b. Enable the Trustees to have control of the organisation's finances.
- c. Enable the organisation to meet contractual obligations and the requirements of funding bodies.

1.2 The organisation will keep proper books of account, which will include:

- a. A cash book analysing all the transactions in the organisation's bank account(s).
- b. A petty cash book if cash purchases are being made..

1.3 The financial year for The Making of Mashamshire will end on 31 March.

1.4 Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next annual general meeting (AGM).

1.5 Before the start of each financial year, the Trustees will approve a budgeted income and expenditure account for the following year.

1.6. A paper comparing actual income, and expenditure with the budget will be presented to the Trustees every three months and on a monthly basis to the Treasurer.

1.7. The AGM will appoint an appropriately qualified auditor to audit the accounts for presentation to the next AGM.

2. Bank

2.1 The Making of Mashamshire will bank with the Barclays bank at its Masham branch where the accounts will be held in the name of The Making of Mashamshire. The following accounts will be maintained: current and any other project accounts as agreed and approved by The Making of Mashamshire Trustees.

2.2 The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the Trustees as will all changes to it.

2.3 The Making of Mashamshire will require the bank to provide statements every month and these will be reconciled with the cash book at every month and the Treasurer will spot check that this reconciliation has been done at least twice a year, and sign the cash book.

2.4 The Making of Mashamshire will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the Trustees.

3. Receipts (income)

The aim is to demonstrate that The Making of Mashamshire has received all the income to which it is entitled and that it is all reasonably evidenced.

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- 3.1 All monies received will be recorded promptly in the cash analysis book and banked without delay (note this includes sundry receipts such as payments for telephone calls, photocopying, etc.) The organisation will maintain files of documentation ie letters from funding bodies to back this up.

4. Payments (expenditure)

- 4.1 The Manager will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- 4.2 Blank cheques will **never** be signed.
- 4.3 Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising cheque requisitions, signing cheques and payments.
- 4.4 Cheques greater than the value of £250.00 will require the approval of the Treasurer. The Treasurer is able to take 'chair's action' in order to approve cheques greater than the sum of £100.00, this however will be reported to the next meeting of the Trustees.
- 4.5 The relevant payee's name will always be inscribed on the cheque before signature, the cheque stub will always be filled in.
- 4.6 No cheques will be signed without original documentation.
- 4.7 Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives of the constitution.
- 4.8 The Chair and/or the Treasurer with (in either case) one other committee member shall not approve expenditure of more than £250.00 nor an overspend on a particular budget heading of more than 10 per cent unless this approval should be written down, signed by both people approving it, and reported to and minuted at the next full Trustees meeting.

5 Payment documentation

- 5.1 Every payment out of the organisations bank amounts will be supported by an original invoice (never against a supplier's statement or final demand). That original will be filed and kept for seven years. The person who signs the cheque should ensure that The Making of Mashamshire cheque requisition slip is fully completed. This includes the following:

- Cheque number
- Date cheque drawn
- Amount of cheque
- Who signed the cheque.

The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a future course, VAT, etc. Here a cheque requisition form will be used and a photocopy of the cheque kept.

- 5.2 Wages and salaries: There will be a clear trail to show the authority and reason for payment. Every payment will have a cheque requisition slip showing who has authorised the payment and what it was for ie salary, temporary work, HMRC, etc. All employees will be paid within the PAYE, National Insurance rules
- 5.3 All staff appointments will be authorised by the Trustees, minuting the dates and salary level. Similarly, all changes in hours and other payments such as overtime. etc., will be, authorised by the Trustees.

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- 5.4 Petty cash will always be maintained on the imprest system where by the Manager is trusted with a float as agreed by the Trustees. When that is more or less expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum (currently agreed at £100.00), the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent. The expenditure will be analysed in the petty cash book.
- 5.5. Expenses/Allowances: The Making of Mashamshire will, if asked, reimburse expenditure paid for personally by staff, providing:
- Fares are evidenced by tickets (where possible).
 - Other expenditure is evidenced by original receipts.
 - Car mileage is based on local authority scales.

6. Cheque signatures and cash cards

- 6.1 Each cheque will be signed by at least two people.
- 6.2 Hole in the wall type cash cards will not be used and if issued by the bank will be immediately cut in half.

7. Other undertakings

- 7.1 The Making of Mashamshire does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, *prima facie*, likely to exceed in total £500.00 must be authorised and minuted by the management committee. (This covers such items as the new service contracts, office equipment purchase and hire).
- 7.2 All fund raising and grant applications undertaken on behalf of The Making of Mashamshire will be done in the name of the organisation with prior approval of the Trustees or in urgent situations the approval of the Chair, who will provide full details to the next Full Trustee Meeting.

8. Confidentiality

- 8.1 The confidentiality of employees' financial circumstances will be respected at all times.
- 8.2 Trustees, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information.

9. Other rules

- 9.1 The Trustees will consider the level of reserves that is prudent for The Making of Mashamshire to have at its first meeting after the AGM. Consideration will be given to redundancy liabilities, lease agreements and any other significant factors that should be taken into account were The Making of Mashamshire to close.
- 9.2. The Making of Mashamshire will adhere to good practice in relation to its finances at all times, eg when relevant it will set up and maintain a fixed met register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods eg books etc, of significant value, it will maintain proper records.
- 9.3. These controls will be reviewed at the first Trustee Meeting after the AGM.